

Committee on Ways and Means

Welfare Reauthorization Provisions in the *Deficit Reduction Act*

WHAT THE WELFARE PROVISIONS IN THE DRA DO:

(1) The DRA includes reforms ending unnecessary or wasteful spending:

- Ends the payment of federal matching funds when states spend federal child support incentive funds. This saves \$1.6 billion.
- Expands a current law provision paying SSI lump sum payments in installments. This timing shift saves \$400 million.
- Double checks the accuracy of more disability decisions, saving \$300 million.
- Ensures uniform rules in all states for foster care and adoption payments to families and states, as intended in law. This saves \$600 million, of which \$300 million is reinvested in new child protection services to assist vulnerable families and kids.

(2) The DRA includes welfare reform reauthorization policy that:

- Fully funds TANF and child care, making available \$175 billion.
- Increases mandatory child care funds by \$1 billion.
- Provides \$750 million for healthy marriage and fatherhood services.
- Includes more generous child support payment policy for families.
- Encourages and supports more parents in their efforts to leave welfare for work.

Bottom Line over 5 Years: \$1 billion in savings in welfare programs.

WHAT THE WELFARE PROVISIONS IN THE DRA DON'T DO:

- Don't cut welfare – TANF funding grows compared with baseline.
- Don't cut child care – mandatory child care grows \$1 billion.
- Don't reduce federal child support matching rates (remain 66 percent).
- Don't change: (1) the share of parents on welfare expected to work for benefits (remains 50 percent), or (2) the hours per week they are expected to work (remains 30 hours), or (3) the definition of “work” for this purpose.
- Don't affect unemployment benefits.
- Don't cut SSI benefits.

Note: All \$s over 5 years (FYs 2006-2010).